

unqualified right at any time to rescind designation of the investment adviser to receive materials and to vote proxies. The rescission would have to be in writing and submitted to the member.

The rule change would require that a member who receives a written designation from a beneficial owner ensure that the beneficial owner's designated investment adviser is registered under the Investment Advisers Act of 1940; is exercising investment discretion pursuant to an advisory contract for the beneficial owner; and is designated in writing by the beneficial owner to receive and vote proxies for stock which is in the possession of the member. Members would be required to keep records substantiating this information.<sup>6</sup>

#### ERISA Investment Managers

The rule change would provide that any member designated by a named ERISA Plan fiduciary as the investment manager<sup>7</sup> of stock held as assets of the ERISA Plan may vote the proxies in accordance with the ERISA Plan fiduciary responsibilities of the ERISA Plan expressly grants discretion to the investment manager to manage, acquire, or dispose of any plan asset, and has not expressly reserved the proxy voting right for the named ERISA Plan fiduciary.

The NASD believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act<sup>8</sup> in that the rule change will benefit investors by: (i) Providing investor with the ability to designate their registered investment advisers to receive and vote their proxies and to receive other material; (ii) providing authority to certain investment managers of ERISA Plans to receive and vote proxies and (iii) providing desired uniformity between NASDA rules and NYSE rules on such proxy procedures.

<sup>6</sup>Release 34-34596, *supra* n. 4, clarified that the NYSE would provide certain additional guidance regarding the NYSE rule changes under an NYSE Information Memo. The NASD's rule change would contain substantially similar requirements as described under Release 34-34596 and contained in the NYSE Information Memo (See NYSE Information Memo No. 94-41 (Sept. 7, 1994)).

<sup>7</sup>ERISA defines the term "investment manager" to mean any fiduciary (other than a trustee or named fiduciary, as defined in Section 1102(a)(2) of Title 29): (A) Who has the power to manage, acquire, or dispose of any asset of a plan; (B) who is: (i) registered as an investment adviser under the Investment Advisers Act of 1940; (ii) a bank, as defined in that Act; or (iii) an insurance company qualified to perform services described in subparagraph (A) under the laws of more than one State; and (C) has acknowledged in writing that he is a fiduciary with respect to that plan. See 29 U.S.C. 1002 (38).

<sup>8</sup>15 U.S.C. 78o-3.

#### (B) Self-Regulatory Organization's Statement on Burden on Competition

The NASD does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.

#### (C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

#### III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- A. By order approve such proposed rule change, or
- B. institute proceedings to determine whether the proposed rule change should be disapproved.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at the principal office of the NASD. All submissions should refer to SR-NASD-95-06 and should be submitted by April 20, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority, 17 CFR 200.30-3(a)(12).

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[Rel. No. IC-20967; 811-4355]

#### Kidder, Peabody Tax-Free Income Fund; Notice of Application

March 24, 1995.

**AGENCY:** Securities and Exchange Commission ("SEC").

**ACTION:** Notice of application for deregistration under the Investment Company Act of 1940 (the "Act").

**APPLICANT:** Kidder, Peabody Tax-Free Income Fund.

**RELEVANT ACT SECTION:** Section 8(f).

**SUMMARY OF APPLICATION:** Applicant requests an order declaring that it has ceased to be an investment company.

**FILING DATE:** The application was filed on March 7, 1995.

**HEARING OR NOTIFICATION OF HEARING:** An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on April 18, 1995 and should be accompanied by proof of service on applicant, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the SEC's Secretary.

**ADDRESSES:** Secretary, SEC, 450 5th Street NW., Washington, D.C. 20549. Applicant, 60 Broad Street, New York, New York 10004.

**FOR FURTHER INFORMATION CONTACT:** Deepak T. Pai, Staff Attorney, at (202) 942-0574, or Robert A. Robertson, Branch Chief, at (202) 942-0564 (Division of Investment Management, Office of Investment Company Regulation).

#### SUPPLEMENTARY INFORMATION:

The following is a summary of the application. The complete application may be obtained for a fee at the SEC's Public Reference Branch.

#### Applicant's Representations:

1. Applicant is an open-end management investment company organized as a Massachusetts business trust. On July 19, 1985, applicant filed a notification of registration pursuant to section 8(b) of the Act and a registration statement pursuant to the Securities Act of 1933. The registration statement became effective on November 22, 1985, and applicant commenced the initial public offering of its National Tax-Free

Series' (the "National Series") shares and New York Tax-Free Series' (the "New York Series") shares on December 26, 1985. Applicant's Massachusetts Tax-Free Series never commenced a public offering of its shares.

2. On June 27, 1990, applicant's trustees approved a plan to liquidate applicant's assets and distribute the proceeds in the form of cash to applicant's shareholders. Proxy materials were filed with the SEC and were distributed, on or about August 16, 1990, to applicant's shareholders of record as of July 23, 1990. The liquidation was approved by applicant's shareholders at a meeting held on November 2, 1990.

3. On November 9, 1990, applicant liquidated the National Series' and New York Series' assets. The portfolio securities were disposed of by competitive bidding from 16 dealers, with the transactions being consummated with the highest bidder. No brokerage commissions were paid with respect to these transactions. On November 13, 1990, applicant distributed all of the National Series' assets, \$11,002,504, to its shareholders who received distributions equal to their proportionate shares. Each National Series' shareholder received \$15.26 per share. Also on November 13, 1990, applicant distributed all of the New York Series' assets, \$3,650,797, to its shareholders who received distributions equal to their proportionate shares. Each New York Series' shareholder received \$14.88 per share.

4. All expenses incurred in connection with the liquidation, consisting of legal, accounting, printing and other expenses, were borne by Kidder, Peabody & Co. Incorporated, applicant's principal underwriter.

5. As of the date of the application, applicant had no assets, liabilities or shareholders. Applicant is not a party to any litigation or administrative proceeding.

6. Applicant is neither engaged in, nor does it propose to engage in, any business activities other than those necessary for the winding-up of its affairs. Applicant intends to terminate its existence as a Massachusetts business trust as soon as practicable.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

**Margaret H. McFarland,**

*Deputy Secretary.*

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[Release No. 35-26258]

**Filings Under the Public Utility Holding Company Act of 1935, as amended ("Act")**

March 24, 1995.

Notice is hereby given that the following filing(s) has/have been made with the Commission pursuant to provisions of the Act and rules promulgated thereunder. All interested persons are referred to the application(s) and/or declaration(s) for complete statements of the proposed transaction(s) summarized below. The application(s) and/or declaration(s) and any amendments thereto is/are available for public inspection through the Commission's Office of Public Reference.

Interested persons wishing to comment or request a hearing on the application(s) and/or declaration(s) should submit their views in writing by April 17, 1995, to the Secretary, Securities and Exchange Commission, Washington, D.C. 20549, and serve a copy on the relevant applicant(s) and/or declarant(s) at the address(es) specified below. Proof of service (by affidavit or, in case of an attorney at law, by certificate) should be filed with the request. Any request for hearing shall identify specifically the issues of fact or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in the matter. After said date, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

**Northeast Utilities (70-7701)**

Northeast Utilities ("Northeast"), 174 Brush Hill Avenue, West Springfield, Massachusetts 01089, a registered holding company, has filed a post-effective amendment to its declaration under Sections 6(a) and 7 of the Act and Rule 54 thereunder.

By orders dated May 23, 1990 (HCAR No. 25093) and July 29, 1994 (HCAR No. 26092), the Commission authorized, among other things, Northeast to issue and sell, and/or purchase in the open market and sell, from time-to-time through December 31, 1995 up to 10 million common shares under Northeast's Dividend Reinvestment Plan ("DRP"). As of March 1, 1995, Northeast has issued and sold 4,470,352 authorized common shares and 4,877,247 shares have been purchased in the open market by an agent acting on behalf of Northeast and distributed to DRP participants pursuant to the DRP.

Northeast now proposes to issue and/or purchase and sell to DRP participants, through December 31, 2005, the remaining 652,401 common shares under the DRP. For the same period Northeast also proposes to issue and/or purchase and sell to DRP participants up to an additional 20 million common shares under the DRP. In all respects, the terms and conditions associated with the issuance, acquisition and sale of the shares to be issued under the DRP will remain as previously authorized.

**New England Electric System, et al. (70-8475)**

New England Electric System ("NEES"), a registered holding company, and New England Electric Resources, Inc. ("NEERI"), its wholly owned, nonutility subsidiary company, both of 25 Research Drive, Westborough, Massachusetts 01582, have filed an application-declaration under sections 6(a), 7, 9(a), 10 and 12(b) of the Act and rule 45 thereunder. The Commission issued a notice of the transaction on November 18, 1994 (HCAR No. 26163). Subsequently, applicants-declarants amended the filing to request additional authorization, thus necessitating this supplemental notice.

NEES proposes to provide financing to NEERI by making capital contributions up to an additional \$12.7 million and/or by lending to NEERI from time to time additional amounts not to exceed \$12.7 million at any one time, such loans to be in the form of non-interest bearing subordinated notes.

NEERI proposes to enter into a joint arrangement with Separation Technologies, Inc. ("STI"), the developer of a process for separating unburned carbon from coal ash. As part of its joint arrangement with STI, NEERI proposes to enter into a project with STI and STI Projects, a Florida General Partnership between STI and Oxbow Carbon International, Inc. ("STIP"), involving the processing of coal ash at an electric generation facility in the New England/New York region ("NE/NY Project") owned by a nonaffiliated electric company ("Owner"). NEERI plans to invest up to \$700,000 in the NE/NY Project in return for 15% of certain project revenues.

In addition, NEERI will provide consulting services to STI and/or STIP in connection with the NE/NY Project for a fee. Such services may include marketing, sales, higher value product research and development and engineering consultation on balance of plant equipment matters. STIP will be responsible for processing the ash at the Owner's facility.